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## H.R. 622, State and Local Sales Tax Deduction Fairness Act of 2015

### FLOOR SITUATION

On Wednesday, April 15, 2015, the House will consider [H.R. 622](#), the *State and Local Sales Tax Deduction Fairness Act of 2015*, under a closed rule. The bill was introduced on January 30, 2015 by Rep. Kevin Brady (R-TX) and was referred to the Committee on Ways and Means, which ordered the bill reported, as amended, by a vote of 22 to 14 on February 12, 2015.<sup>1</sup>

### SUMMARY

H.R. 622 amends the Internal Revenue Code of 1986 to make permanent an itemized deduction for State and local general sales taxes for taxable years beginning after December 31, 2014.

### BACKGROUND

An itemized sales tax deduction allows taxpayers to deduct State and local sales tax they have paid from their federal taxes. Since 2004, there has been a temporary provision allowing for itemized deductions of State and local sales tax when determining taxable income;<sup>2</sup> however, this deduction expired on January 1, 2015.<sup>3</sup> Allowing for an itemized deduction for State and local income taxes, but not for State and local sales taxes, creates a tax liability disparity for residents of States that impose a sales tax rather than an income tax.<sup>4</sup> H.R. 622 makes the State and local itemized sales tax deduction permanent, which will improve taxpayer liability parity across state lines, provide taxpayers certainty when planning their tax liability, and encourage economic growth. The sales tax deduction is permitted in lieu of deducting State and local income taxes in states that impose both.

### COST

[The Joint Committee on Taxation \(JCT\) estimates](#) that enacting H.R. 622 would reduce revenues by approximately \$42.4 billion over the 2015 to 2025 period.

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<sup>1</sup> See [House Report 114-51](#) at 5.

<sup>2</sup> Id. at 2.

<sup>3</sup> See [26 U.S.C. 164\(b\)\(5\)\(I\)](#)

<sup>4</sup> There are currently [seven states](#) do not have an income tax: Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming. New Hampshire and Tennessee do not tax earned income, but do tax income from interest and dividends.

## **STAFF CONTACT**

For questions or further information contact the House Republican Policy Committee at 6-5539.